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U.S. House of Representatives
Committee on Commerce
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JAMES E. DERDERIAN, CHIEF OF STAFF

Statement of the Honorable Tom Bliley
Chairman, Committee on Commerce
Before the
Subcommittee on Finance and Hazardous Materials
Hearing on H.R. 1053: The Common Cents Stock Pricing Act of 1997
April 16, 1997

The Commerce Committee has a proud history of promoting competition -- in telecommunications, energy, and, in the case of the subject of today's hearing, the U.S. securities markets. Competition is the best engine to drive innovation and efficiency in American markets. The Common Cents Stock Pricing Act of 1997 would eliminate government-sanctioned rules that prevent competition from bringing investors better prices in our securities markets. I commend Chairman Oxley for his introduction of this legislation, which I am pleased to co-sponsor.

I would also like to commend Tom Manton, the Ranking Member of the Subcommittee, for participation today. I **would** also like to commend Ed Markey, Ranking Member in the last Congress, for his leadership on decimal pricing.

At last week's hearing, we learned how pricing stocks the same way we price peanuts, cars and taxes -- in dollars and cents -- not only makes stock prices easier to understand but also permits investors to get a better price than they do under a fractional pricing system.

We also learned how better stock prices, through decimal pricing, might help save taxpayer dollars. Ms. Donna Anderson, of New York City's Comptroller's office, testified that a change to decimal pricing would benefit New York's taxpayers by increasing the savings to the pension fund -- and therefore allowing the City to reduce its contribution to the pension funds. Other public pension funds would see similar benefits.

So a change to decimal pricing could benefit not only American investors, but also American taxpayers.

Today we will hear from a distinguished group of witnesses who will further educate the Committee on this important legislation. I commend Chairman Oxley for holding these hearings

and ensuring that the Committee receives the benefit of expert testimony from not only the many supporters of this legislation, but also from those with opposing views. The constructive comments of all affected parties will be instrumental to our effort to modernize our markets and promote the interests of public investors by making stock pricing more efficient.

And in this regard, I am pleased that both the Amex and the NASDAQ support the goal of narrowing spreads to improve stock prices for public investors, as evidenced by their recent actions to narrow the minimum tick for stocks on their systems by 50 percent, moving from an eighth of a dollar to a sixteenth. I'm no fan of fractions, and, to me, it's even more confusing to figure out how much a sixteenth of a dollar is in real money -- but the point is, narrowing the minimum tick means narrowing spreads for investors. And that saves investors money.

Making the minimum tick narrower is an important first step toward eliminating the regulatory barriers that act as artificial constraints on competition in our securities markets. I look forward to the testimony of our distinguished witnesses here today as we consider legislation that will remove those artificial constraints.